

January 20, 2011

HB217: An act extending the property tax exemption for residences of certain disabled or deceased veterans...

Introduced by M Miller

First of all, I sincerely appreciate the service and sacrifice veterans and their families make for those of us who don't serve and I support the intent of this bill...to provide financial relief for disabled veterans. However I oppose the exemption "from fees and assessments for services and special improvements that are collected with property taxes".

In checking the 2010 property tax bill for my property in the Helena area, there are special assessments for Forestvale Cemetery, North Hills road maintenance, open-space lands, L&C fire service, Scratch Gravel, Forest Fire, Water Quality outside the City, and Soil & Water. These special assessments amount to \$453.47 per year. Other areas may have different assessments and amounts, but does this bill exempt all these types of special assessments?

If so, how many people would receive exemptions, how much money will be taken from the property tax revenue, and how will that impact the property taxpayers who don't get this exemption?

As an example, every lot in my subdivision pays \$145.00 for our road improvement district. I'm not sure of the total number of lots as some have been consolidated and some split over the last few years, but for this example, say 40 lots. If five disabled veterans were to buy properties, \$725 (or \$20.71) would have to be picked up by the remaining 35 lots to maintain current funding.

To more fully understand the issues in this bill, I spoke with a retired Army Lt. Colonel. I related what I knew of the issues in this bill and asked for his opinions and thoughts.

He pointed out that to his knowledge, unlike some States; Montana collects income taxes on military retirement and other benefits. The wife of a disabled veteran said that contrary to my understanding when I read this bill, she and her husband currently pay their full property taxes, but they get two free license plates per year.

The Lt. Col thought the piecemeal approach, such as contained in current Montana law and in this bill, is a cumbersome way in which to offer financial relief to disabled veterans.

He also said that veterans tend to live close to military bases to utilize health care, the PX, and commissary privileges so Great Falls and Helena may have higher veteran populations than other parts of the State.

He suggested that a more efficient way to manage this would be to not collect income taxes on military and disability benefits for qualified disabled veterans. This may allow these veterans to have funds available to pay the normal property taxes, assessments, and fees.

That makes sense to me for a number of reasons...it provides financial relief to the disabled veterans, it is easier to manage for State and local government agencies, doesn't require additional government employees, and it distributes the decrease in revenue across the State...not just at the local level as would be the case if property taxes were involved.

For the above reasons, I oppose this bill as written, and urge committee members to rethink this issue and vote no on this bill.

Thank you,

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